

Message Text

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S E C R E T SECTION 1 OF 4 PANAMA 1657

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E.O. 11652: GDS

TAGS: PINR PN PQ

SUBJECT: SPECIAL NATIONAL INTELLIGENCE ESTIMATE ON PANAMA

REF: STATE 051604

THE EMBASSY HAS ADDRESSED THE THREE SCENARIOS AND THE QUESTIONS
POSED IN THE REFERENCED CABLE. OUR ANALYSIS FOLLOWS:

A. A TREATY IS SIGNED AND BOTH SIDES BEGIN THE RATIFICATION PROCESS.

ASSUMPTION: WE ASSUME THAT TORRIJOS IS CONVINCED THAT THE TREATY
CONTAINS SUFFICIENT GAINS FOR PANAMA TO ENABLE HIM TO
LIVE WITH IT AFTER RATIFICATION. ANOTHER CONTINGENCY
MIGHT BE THAT THE NEGOTIATION HAS RESULTED IN ENOUGH
GAINS TO PREVENT BREAKDOWN AND A TREATY IS PRODUCED BUT
UPON REFLECTING ON IT, TORRIJOS GETS "COLD FEET." IN
SUCH A CONTINGENCY HE MIGHT SEEK TO PRESENT IT TO THE
PEOPLE WITHOUT HIS FULL ENDORSEMENT AS BEING THE BEST HE
COULD ACHIEVE AT THE MOMENT. WE DO NOT THINK THAT SUCH
A TREATY WITHOUT TORRIJOS' ENDORSEMENT WOULD BE
RATIFIED.

1. RATIFICATION PROCESS.

THE FOREIGN MINISTER, NOT TORRIJOS, WILL BE THE PANAMANIAN OFFICIAL W

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WILL SIGN THE TREATY. ALTHOUGH BOTH COUNTRIES MAY START THE RATIFICATION PROCESS SIMULTANEOUSLY, PANAMANIAN ANTICIPATE THAT THEY WILL COMPLETE THE PROCESS MORE QUICKLY THAN WILL THE UNITED STATES. THE GOP COULD COMPLETE RATIFICATION WITHIN TWO MONTHS AFTER SIGNING THE TREATY BUT MAY DRAW THE PROCESS OUT UNTIL TORRIJOS DETERMINES HOW THE TREATY IS DOING IN THE U.S. SENATE. PANAMA'S TIMING WILL DEPEND SIGNIFICANTLY UPON THE MANNER AND SPEED WITH WHICH THE TREATY IS BEING HANDLED IN THE U.S.

THE PROCESS FOR TREATY RATIFICATION WILL INVOLVE NATIONWIDE DISCUSSION AND SEMINARS CONDUCTED BY TREATY NEGOTIATORS AND ADVISORS TO INFORM THE NACR REPRESENTATIVES AND OTHER GROUPS OF THE PROVISIONS OF THE TREATY. FOLLOWING THE DISCUSSION THE TREATY WILL BE SUBMITTED TO PLEBISCITE AS STIPULATED BY ARTICLE 274 OF THE PANAMANIAN CONSTITUTION. THEN THE NATIONAL ASSEMBLY OF COMMUNITY REPRESENTATIVES (NACR) WILL VOTE TO GIVE FINAL APPROVAL OR DISAPPROVAL OF THE TREATY, COMPLETING THE RATIFICATION PROCESS. (ARTICLE 274 MERELY ADDS AN ADDITIONAL STEP IN THE RATIFICATION OF A CANAL TREATY. IT DOES NOT ELIMINATE ARTICLE 141, WHICH STIPULATES THAT THE NACR SHALL ISSUE LAWS FOR THE "APPROVAL OR DISAPPROVAL OF INTERNATIONAL TREATIES WHICH THE EXECUTIVE CONCLUDES.) THE EXACT FORM OF THE PLEBISCITE REMAINS UNCLEAR BUT IT APPEARS THAT THE PEOPLE OF EACH CORREGIMIENTO WILL VOTE. THE CORREGIMIENTO REPRESENTATIVE WILL REFLECT HIS COMMUNITY'S VIEWS WHEN HE VOTES ON THE TREATY IN THE NACR.

THIS CONSTITUTIONAL PROCEDURE SHOULD ENSURE THAT THE RATIFICATION HAS BEEN SUFFICIENTLY BROAD-BASED TO MINIMIZE THE POSSIBILITY OF DENUNCIATION OF THE TREATY BY A FUTURE GOVERNMENT. GOP OFFICIALS HAVE REPEATEDLY PROMISED A FULL AND FREE DISCUSSION OF THE TREATY BY ALL GROUPS AND WE BELIEVE THIS WILL OCCUR. HOWEVER, WHETHER STATEMENTS AND ANALYSES IN OPPOSITION TO THE TREATY WILL BE DISSEMINATED IN THEIR ENTIRETY BY THE PUBLIC MEDIA IS QUESTIONABLE.

2. ORGANIZING SUPPORT FOR THE TREATY.

TORRIJOS, DESPITE MUCH UNEASINESS CONCERNING THE TERMS OF THE TREATY BEING NEGOTIATED, HAS DURING THE PAST YEAR INCREASINGLY IDENTIFIED HIMSELF AND HIS GOVERNMENT WITH THE NEGOTIATION AND A COMPROMISE SOLUTION. FAILURE OF THE NEGOTIATION OR A REJECTION OF THE TREATY BY EITHER SIDE WOULD POSE, THEREFORE, SERIOUS PROBLEMS FOR TORRIJOS.

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HOWEVER, IN HIS MIND THESE PROBLEMS ARE OF LESS MAGNITUDE THAN THOSE HE WOULD ENCOUNTER BY TYING HIMSELF TO AN UNSATISFACTORY TREATY. ALTHOUGH WE HAVE ASSUMED THAT HE HAS DECIDED THAT THE TREATY WILL BE SATISFACTORY, HE WILL LEAVE HIMSELF AN ESCAPE HATCH SHOULD THINGS SOMEHOW GO WRONG AND THE POPULAR REACTION IN PANAMA BE ADVERSE TO THE TREATY. IT IS DIFFICULT FOR NORTH AMERICANS TO COMPREHEND THE DEGREE THAT EMOTION AND FEARS COME INTO PLAY IN PANAMANIAN RELATIONSHIPS WITH THE U.S. ON THE CANAL

ISSUE. MEMBERS OF PANAMA'S 1967 NEGOTIATION TEAM HAVE TOLD US THAT PRESIDENT ROBLES ENTHUSIASTICALLY SUPPORTED THE 1967 NEGOTIATORS THROUGHOUT THE NEGOTIATION, THEN "IN THE 9TH INNING LEFT THE TEAM AND BECAME THE UMPIRE." TORRIJOS, FORTUANTELY, IS NOT ROBLES, BUT HE WILL FEEL FEARS AND PRESSURE.

THE GOP WILL CONDUCT AN INTENSIVE CAMPAIGN TO CONVINCE PEOPLE THEY SHOULD SUPPORT THE TREATY. THIS CAMPAIGN WILL BE CARRIED OUT IN PART THROUGH THE GOP-CONTROLLED MEDIA AND IN PART HAVING MEMBERS OF THE TREATY NEGOTIATING TEAM MEET WITH NACR REPRESENTATIVES, PROBABLY AT THE PROVINCIAL LEVEL, TO EXPLAIN THE MERITS OF THE TREATY. THE REPRESENTATIVES IN TURN WILL BE CHARGED WITH EXPLAINING IT JHD CONDUCTING DISCUSSIONS IN THEIR RESPECTIVE COMMUNITIES.

THE PROCESS OF "SELLING" A TREATY HAS BEEN UNDERWAY FOR MONTHS. THROUGH A SERIES OF SPEECHES BY DR. CARLOS LOPEZ GUEVARA, STATEMENTS AND INTERVIEWS BY FOREIGN MINISTER TACK AND TORRIJOS, PANAMANIAN ARE BEING PREPARED TO ACCEPT A TREATY THAT IS A "LIBERATING" DOCUMENT

ONE WHICH PROVIDES IN STAGES FOR THE PROGRESSIVE REALIZATION OF PANAMA'S ASPIRATIONS UNTIL AT THE TERMINATION OF THE TREATY PANAMA'S OBJECTIVES WOULD HAVE BEEN FULLY ACCOMPLISHED. TACK IN HIS INTERVIEW ON FEBRUARY 7 AND TORRIJOS' SPEECH MARCH 16 TOUCHED ON CERTAIN ASPECTS OF THE EMERGING AGREEMENT. THEY CALLED ATTENTION TO THE "VICTORIES" (JURISDICTION IN THREE YEARS, INCREASING PANAMANIAN PARTICIPATION IN ADMINISTRATION AND PROTECTION, AND RATIONALIZED CONCERNING COMPROMISES SUCH AS CONTINUATION OF U.S. MILITARY BASES. TORRIJOS' SKILLFUL USE OF TREATY NEGOTIATORS AND ADVISORS DRAWN FROM ALL PARTS OF THE POLITICAL SPECTRUM WILL BE OF GREAT HELP IN "SELLING" THE TREATY. ESPECIALLY HIS SHREWD SELECTION OF NATIONALISTS WITH LEFTIST REPUTATIONS-ROMULO ESCOBAR BETHANCOURT, ADOLFO AHUMADA, RUBEN DARIO HERRERA AND MARCELINO JAEN-WILL HELP COUNTER OPPOSITION FROM THE LEFT. MOREOVER HIS DECISION TO MAINTAIN TACK IN PLACE AS FOREIGN MINISTER FULLY SECRET

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IDENTIFIED WITH AND PUBLICLY SUPPORTING THE TREATY-ALBEIT RELUCTANTLY-WILL HELP PREVENT OPPOSITION FROM CONSOLIDATING.

THE MOST CONSISTENT SUPPORT FOR THE TREATY WILL COME FROM THE YOUNG OLIGARCH-BUSINESSMEN WHO ACTIVELY SUPPORT TORRIJOS AND WHO FORESEE DISASTER FOR THEMSELVES AND A DISMAL FUTURE FOR PANAMA IS A SATISFACTORY TREATY IS NOT CONCLUDED. MEMBERS OF THIS GROUP-FROM WHICH AMBASSADOR GONZALEZ REVILLA CAME-HAVE CONSISTENTLY SUPPORTED COMPROMISE DURING THE PAST TWO YEARS AND HAVE COUNSELLED PATIENCE TO TORRIJOS. THEY ARE CONVINCED THAT THIS NEGOTIATION IS THE LAST CHANCE FOR AN AMICABLE SOLUTION AND THAT TORRIJOS WILL PLUNGE PANAMA LEFTWARD AND INTO VIOLENT CONFRONTATION WITH THE U.S. SHOULD HE FAIL TO GET A TREATY. MEMBERS OF THE GROUP REPORTEDLY ARE PLANNING TO INVEST LARGE SUMS OF MONEY IN THE PROCESS OF GETTING THE TREATY APPROVED. IN ADDITION, THERE ARE PANAMANIAN

WHO, WHILE NOT LIKING THE PRESENT GOVERNMENT, WOULD REACT AFFIRMATIVELY TO THE RETURN OF "SOVEREIGNTY" AND TO PROSPECTS FOR INCREASED ECONOMIC BENEFITS FOR PANAMA.

3. OPPONENTS OF THE TREATY.

OPPOSITION TO THE TREATY WILL COME FROM SEVERAL QUARTERS, BUT WE BELIEVE IT CAN BE MANAGED BY THE GOP.

OPPOSITION FROM CONSERVATIVES AND EX-POLITICIANS

STALWARS OF THE OLD POLITICAL PARTIES, PARTICULARLY THE REMNANTS OF ARNULFO ARIAS' PANAMENISTA PARTY AND THE FORMER CHRISTIAN DEMOCRATIC PARTY CAN BE EXPECTED TO OPPOSE THE TREATY.

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WILL OPPOSE THE TREATY FOR ESSENTIALLY THE SAME REASON AS THE EX-POLITICIANS, I.E., THEY ARE AFRAID THAT A NEW TREATY WILL FURTHER CONSOLIDATE TORRIJOS' GRIP ON POWER. THEY ALSO BELIEVE HE WOULD THEN BE FREE OF RESTRAINTS AND WOULD ACCELERATE WHAT THEY SEE AS A DRIFT TOWARD SOCIALISM INTERNALLY AND ALIGNMENT WITH THE SOCIALIST BLOC EXTERNALLY. THEY FAIL TO UNDERSTAND THAT THE DYNAMICS OF PANAMANIAN POLITICS IN THE WAKE OF A DRAMATIC FAILURE TO RESOLVE THE CANAL ISSUE WOULD INEVITABLY MOVE THE COUNTRY LEFTWARD. THEY REPORTEDLY ARE PREPARING TO SPEND MONEY TO FINANCE OPPOSITION OF THE TREATY, THEREBY CONVERTING THE PLEBISCITE INTO A POLITICAL DEFEAT FOR TORRIJOS.

ULTRA-NATIONALISTS AND LEFTISTS

OPPOSITION FROM THE OLD POLITICIANS, HOWEVER, CONCERNS TORRIJOS LESS THAN DOES THE POTENTIAL OPPOSITION FROM ULTRA-NATIONALISTS AND LEFTISTS. IT IS TO THESE GROUPS THAT HE WOULD HAVE TO LOOK FOR SUPPORT SHOULD THE TREATY FAIL OF RATIFICATION IN PANAMA OR IN THE UNITED STATES. SOME PERSONS CALLING THEMSELVES "PURE NATIONALISTS

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OR "TRUE NATIONALISTS" HAVE CONSISTENTLY EXPRESSED OPPOSITION TO ANY TREATY BASED UPON THE KISSINGER-TACK DECLARATION OF EIGHT PRINCIPLES. THEY ASSERT THAT CONDITIONS ARE NOT YET RIPE FOR PANAMA TO OBTAIN A SATISFACTORY TREATY, AND ARGUE THAT THE U.S. POSITION IN THE CANAL ZONE IS VULNERABLE ON LEGAL, MORAL AND POLITICAL GROUNDS AND IS BECOMING PROGRESSIVELY MORE VULNERABLE. PANAMA

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SHOULD EXPLOIT ALL OPPORTUNITIES TO EMBARRASS AND EXERT PRESSURE ON THE U.S. AND WITHIN FIVE YEARS, THEY SAY, THE U.S. WILL BE PREPARED TO AGREE TO A SUBSTANTIALLY BETTER TREATY WITH A SHORTER DURATION THAN IS NOW POSSIBLE.

SOME TREATY OPPONENTS WILL BE RADICAL, BUT NOT ORGANIZED, LEFTISTS (REMANANTS OF GROUPS EXISTING IN THE LATE 1960'S) WHO SEE IN THE FAILURE TO RATIFY A TREATY THE OPPORTUNITY TO TURN PANAMA AWAY FROM THE U.S. AND TO CONVERT PANAMA INTO A SOCIALIST SOCIETY SUCH AS EXISTS IN CUBA. THEY WILL WORK DILIGENTLY, BUT PROBABLY INEFFECTIVELY, TO PREVENT ACCEPTANCE OF A TREATY. POSSIBLY RADICAL INDIVIDUALS MAY SEEK TO CREATE INCIDENTS AND TENSION BETWEEN THE U.S. AND PANAMA.

STUDENT GROUPS

RADICAL NATIONALISTIC STUDENT GROUPS SUCH AS THE REVOLUTIONARY STUDENT FRONT, THE GUAYACHUCOS, THE CAMILO TORRES CIRCLE AND UNIDAD, HAVE ALREADY EXPRESSED OPPOSITION TO THE GOP, THE NEGOTIATION, AND THE PROSPECTS OF A CONTINUING U.S. MILITARY PRESENCE. THESE GROUPS ARE DEFIANT TOWARD THE GOP AND CAN BE EXPECTED TO BE OUT IN FRONT OF, BUT NOT CONTROLLED BY, THE NATIONALIST AND LEFTIST OPPONENTS OF THE TREATY.

THE LEADERSHIP OF THE MAJOR STUDENT ORGANIZATION, THE PANAMANIAN FEDERATION OF STUDENTS (FEP) IS CONTROLLED AND CAN BE MANIPULATED BY THE GOP. TO DATE THE FEP HAS NOT TAKEN A POSITION FOR OR AGAINST NEGOTIATION OF A TREATY ALONG THE LINES OF THE EIGHT PRINCIPLES. WHILE THE FEP LEADERSHIP WILL HEW TO THE LINE THE GN/G-2 GIVES THEM, THE FEP MEMBERSHIP WILL NOT BE SO AMENABLE IF THEY BECOME CONVINCED THAT THE GOP SACRIFICED TOO MUCH IN THE NEGOTIATION.

THE COMMUNIST PARTY

THE COMMUNIST PARTIDO DEL PUEBLO (PDP) WILL PROBABLY SUPPORT THE TREATY IN ORDER NOT TO BE SUBJECTED TO REPRESSION BY THE GOVERNMENT. HOWEVER, THIS SUPPORT WILL ALSO BE DEPENDENT UPON A GENERAL TREND IN PANAMA TOWARD ACCEPTANCE OF THE TREATY. IF IT APPEARED THAT A WAVE OF POPULAR OPPOSITION TO THE TREATY WERE GROWING, THE COMMUNISTS COULD BE EXPECTED TO JOIN IN THE OPPOSITION.

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4. WILL PANAMA RATIFY?

GIVEN THE ASSUMPTION AT THE BEGINNING OF THIS SECTION CONCERNING THE NATURE OF THE TREATY AND TORRIJOS' VIGOROUS COMMITMENT TO IT, PANAMA WILL RATIFY THE TREATY. THE MOST IMPORTANT ELEMENT IN THIS IS THE EXTENT OF TORRIJOS' COMMITMENT TO AND IDENTIFICATION WITH THE TREATY. IF HE WERE DETERMINED TO PUT ACROSS A TREATY WHICH WAS LESS THAN SATISFACTORY-AND HE WILL NOT ATTEMPT THIS-HE PROBABLY COULD SECURE RATIFICATION BUT WOULD HAVE SERIOUS POLITICAL PROBLEMS LATER. THE GOP'S PROPAGANDA ORGANS WILL LAUNCH A CAMPAIGN TO CONVINCE PANAMANIAN THAT MANY OF THE MAJOR CAUSES OF CONFLICT IN THE PRESENT U.S.-PANAMANIAN TREATY RELATIONSHIP HAVE BEEN SATISFACTORILY ELIMINATED. "NATIONAL DIGNITY" ASPECTS WILL IN THE END BE MORE IMPORTANT THAN ECONOMIC ISSUES, ALTHOUGH THE LATTER WILL BE IMPORTANT IN BRINGING CERTAIN BUSINESS GROUPS INTO LINE IN SUPPORT OF THE TREATY. THE TREATY MUST BE BETTER THAN THE 1967 TREATIES WITH WHICH IT WILL INEVITABLY BE COMPARED. UNLESS THE TREATY PROVIDES FOR AT LEAST SOME PHASED REDUCTION OF THE U.S. MILITARY PRESENCE-EVEN IF ONLY SYMBOLIC-TORRIJOS WILL BE RELUCTANT TO ACCEPT IT. FAVORABLE FACTORS WILL BE ITS PROVISIONS ON JURISDICTION AND PANAMANIAN PARTICIPATION IN ADMINISTRATION AND DEFENSE. ANOTHER STRONG PULLING POINT WOULD BE THE PROSPECT OF AN IMMEDIATE OR RAPID RETURN TO PANAMA OF CONTROL OVER PORTIONS OF LAND ADJACENT TO THE METROPOLITAN AREAS OF PANAMA CITY AND COLON, INCLUDING DEEP WATER PORT FACILITIES.

B. U.S. SENATE REFUSES TO APPROVE A TREATY.

1. THE REACTION IN PANAMA.

THE NATURE AND INTENSITY OF THE REACTION WOULD DEPEND IN PART ON HOW VIGOROUSLY THE U.S. EXECUTIVE BRANCH ADVOCATED RATIFICATION. IF THE TREATY WERE A GOOD ONE FOR PANAMA, AND IF THE EXECUTIVE WENT ALL OUT IN SUPPORT OF IT, THE PANAMANIAN WOULD NOT FEEL THEY HAD BEEN BETRAYED. THE MOST VIOLENT REACTION WOULD OCCUR AS A RESULT OF TORRIJOS BECOMING CONVINCED THAT HE HAD BEEN "DUPED" BY THE U.S.

THERE WOULD BE A REACTION FROM THE GOVERNMENT AND FROM THE PEOPLE. FROM THE LATTER, LED BY NATIONALISTS AND STUDENTS, THE REACTION WOULD BE IMMEDIATE AND SHARP. STUDENTS WOULD ORGANIZE DEMONSTRATIONS AGAINST

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THE U.S. EMBASSY AND THE CANAL ZONE. TORRIJOS WOULD BE FACED WITH A DIFFICULT POLITICAL SITUATION, BUT WOULD RETAIN THE LOYAL SUPPORT OF THE NATIONAL GUARD. HIS CONSERVATIVE OPPONENTS WOULD SEVERELY CRITICIZE HIM AND THOSE SUPPORTERS WHO HAD FAVORED A MODERATE COURSE

WOULD BE DISCREDITED. HIS NATURAL COURSE WOULD BE, THEREFORE, TO SEEK TO CONSOLIDATE HIS SUPPORT AMONG NATIONALISTS AND LEFTISTS. TO REGAIN THEIR SUPPORT HE WOULD HAVE TO MOVE TOWARD A CONFRONTATION WITH THE U.S. HE HAS REPEATEDLY SAID THAT SHOULD NEGOTIATIONS FAIL PANAMA WOULD HAVE TO SEEK ITS OBJECTIVES BY OTHER MEANS AND THAT HE WOULD NEVER TURN THE RIFLES OF THE GN AGAINST THE STUDENTS. HE WOULD NOT PREVENT DEMONSTRATIONS AGAINST U.S. FACILITIES, BUT HE WOULD SEEK TO CONTROL AND CHANNEL VIOLENCE AND RIOTING. HE WOULD TRY TO ENSURE THAT THE NATIONAL GUARD G-2 PARTICIPATED IN ORGANIZING THEM IN ORDER TO KEEP THEM UNDER CONTROL AND FROM DETERIORATING INTO UNCONTROLLED RIOTING. HE WOULD TRY TO CONVEY TO THE DEMONSTRATORS HIS PLANS FOR ACHIEVING PANAMA'S OBJECTIVES NOW THAT THE U.S. SENATE HAD REJECTED THE TREATY.

THE MARGIN OF THE SENATE VOTE AGAINST THE TREATY WOULD BE IMPORTANT. IF IT WERE ONLY ONE OR TWO VOTES, WE MIGHT TRY TO PERSUADE THE GOP TO HOLD OFF ON A STRONG REACTION WHILE WE DETERMINED WHETHER IT MIGHT BE POSSIBLE TO GET CERTAIN SENATORS TO CHANGE THEIR POSITION OR POSSIBLY PASS THE TREATY AFTER MINOR MODIFICATIONS. A LARGE NEGATIVE VOTE WOULD SEEM TO CLOSE THE DOOR ON A TREATY AND WOULD PROVOKE STRONG REACTION.

DURING THE INITIAL DAYS FOLLOWING THE U.S. SENATE'S REJECTION OF THE TREATY, WE COULD EXPECT A SCENARIO SOMEWHAT AS FOLLOWS:

--MASSIVE STUDENT DEMONSTRATION ALONG THE CANAL ZONE FRONTIERS AND AT THE U.S. EMBASSY.

--ATTEMPTS BY SOME STUDENTS AND RADICALS TO PENETRATE THE CANAL ZONE TO DEMONSTRATE AT CANAL ZONE GOVERNMENT AND MILITARY INSTALLATIONS.

--STATEMENTS BY TORRIJOS AND OTHER LEADERS DENOUNCING THE U.S. AND PROPOSING AN ALTERNATIVE LINE OF ACTION FOR SEEKING PANAMA'S GOALS NOW THAT EFFORTS TO RATIFY A NEGOTIATED TREATY HAD FAILED.

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DURING THIS FIRST STAGE THE PROBABILITY OF SPONTANEOUS, RANDOM VIOLENCE AND RIOTING WOULD BE GREAT. TORRIJOS MIGHT EVEN ATTEMPT TO MOUNT CONTROLLED AND LIMITED INCURSIONS INTO THE CANAL ZONE AND THEREBY GET MARTYRS FOR USE IN THE DIPLOMATIC AND PUBLIC RELATIONS STRUGGLE WHICH PANAMA WOULD LAUNCH AGAINST THE U.S. ONCE THE IMMEDIATE CONFRONTATION IS BROUGHT UNDER CONTROL.

ONCE THE FIRST IMPACT WAS OVER, WE COULD EXPECT THE GOP TO ATTEMPT A COMBINATION OF THE FOLLOWING:

--LAUNCH A MAJOR DIPLOMATIC AND PUBLIC RELATIONS CAMPAIGN AIMED AT GETTING EXPRESSIONS OF SUPPORT FOR PANAMA'S ASPIRATIONS FROM COUNTRIES AND ORGANIZATIONS AROUND THE WORLD.

--SEEK CENSURE OF U.S. IN THE OAS, THE UN AND VARIOUS INTERNATIONAL BODIES.

--DENOUNCE THE 1903 TREATY PUBLICLY USING ALLEGED U.S. VIOLATIONS OF THE TREATY AS ONE OF THE REASONS FOR DENUNCIATION.

--NON-COMPLIANCE WITH CERTAIN PROVISIONS OF THE 1903 CONVENTION AND SUBSEQUENT TREATIES.

--HARASSMENT BY GOP OFFICIALS AND POLICE OF CANAL ZONE RESIDENTS.

--FOMENTATION OF STRIKES OR SLOWDOWNS BY PANAMANIAN EMPLOYEES
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OF THE CANAL COMPANY.

--HARASSMENT OF U.S. BUSINESS FIRMS IN PANAMA.

--REFUSAL TO COMMUNICATE WITH CANAL ZONE OFFICIALS.

--SHARP COOLING OF OFFICIAL AND SOCIAL COMMUNICATION BETWEEN PANAMANIAN AND U.S. EMBASSY OFFICIALS.

THE FOREGOING WOULD BE THE MINIMUM WE COULD EXPECT. TORRIJOS WOULD BE FACED WITH A DILEMMA. HE WOULD, ON THE ONE HAND, WANT TO CREATE DIFFICULTIES FOR THE U.S. IN RUNNING THE CANAL AND EXERT ALL POSSIBLE PRESSURES ON THE U.S. BUT HE WOULD ALSO WANT TO AVOID AN EXTENDED CHAOTIC SITUATION IN WHICH PANAMA'S ECONOMY, DEPENDENT

UPON BORROWING ABROAD FOR ITS DEVELOPMENT PROGRAMS, AND UPON INCOME FROM TOURISM, BANKING AND COMMERCE, WOULD SUFFER REVERSES FROM WHICH IT COULD NOT QUICKLY RECOVER. AN EXTENDED PERIOD OF ECONOMIC PROBLEMS COULD INDUCE TORRIJOS TO OPT FOR ASSISTANCE FROM SOCIALIST COUNTRIES, THE ARABS OR VENEZUELA.

TORRIJOS' IMMEDIATE PROBLEM WOULD BE TO RETAIN PRESTIGE AND AUTHORITY IN SPITE OF THE FACT THAT HIS MAJOR FOREIGN POLICY EFFORT HAD FAILED AND THE MODERATE LINE HE HAD BEEN FOLLOWING FOR THE PAST ONE AND ON-HALF YEARS HAD BEEN DISCREDITED. HE WOULD HAVE TO OUTLINE THE "ALTERNATIVE" COURSE OF ACTION WHICH HE HAS PROMISED SHOULD THE NEGOTIATION FAIL. ALTHOUGH TORRIJOS HAS PROMISED TO "SACRIFICE" A GENERATION OF PANAMANIAN IN A "LIBERATION" STRUGGLE- AND MANY PANAMANIAN INSIST THAT HE MEANS WHAT HE SAYS- HE WOULD FIRST SEEK OTHER TACTICS INCLUDING CONFRONTATION AND EMBARRASSMENT OF THE U.S.

DURING A PERIOD OF CONFRONTATION THE NATIONAL GUARD WOULD NOT ATTEMPT TO SABOTAGE THE CANAL OR ITS VITAL INSTALLATIONS, ALTHOUGH IT HAS THE CAPABILITY OF DOING SO. DURING A PROLONGED PERIOD OF HOSTILITY AND CONFRONTATION, HOWEVER, THERE IS THE POSSIBILITY OF SABOTAGE BY INDIVIDUALS OR REMNANTS OF RADICAL GROUPS THAT EXISTED IN THE LATE 1960'S. MOREOVER, WHEN THE YOUNG GENERATION OF NATIONALISTS AND STUDENTS CONCLUDE THAT THE DOOR HAS BEEN CLOSED UPON ANY RESOLUTION OF THE CANAL PROBLEM IN THE NEAR FUTURE, WE COULD EXPECT THE GROWTH OF GUERRILLA AND URBAN TERRORIST GROUPS.

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WHETHER TORRIJOS REMAINED IN POWER OR HE WAS SUCCEEDED BY ANOTHER LEADER DRAWN FROM THE NATIONAL GUARD, THE PANAMANIAN GOVERNMENT WOULD BECOME MORE ADAMANTLY NATIONALIST THAN IT HAS BEEN IN RECENT YEARS. NO GOVERNMENT BASED UPON THE DISCREDITED OLIGARCHY COULD SURVIVE LONG IN PANAMA. THE MODERATES WHOSE ADVICE TORRIJOS HAD BEEN FOLLOWING DURING THE NEGOTIATION WOULD HAVE BEEN THOROUGHLY DISCREDITED AND THE HARD-LINERS WOULD HAVE INCREASED THEIR INFLUENCE. FURTHER NEGOTIATIONS AND A CESSATION OF HARASSMENT OF THE U.S. PRESENCE IN PANAMA WOULD REQUIRE, AS HAPPENED IN 1964, PROMISES BY THE U.S. OF CHANGES IN THE RELATIONSHIP GOING BEYOND THOSE CONTAINED IN THE REJECTED TREATY. (WE SHOULD RECALL THAT IN 1963 CONDITIONS IN THE U.S. WERE NOT PROHIBITIVE EVEN FOR BEGINNING NEGOTIATIONS TO REVISE THE 1903 TREATY. AFTER THE 1964 RIOTS PANAMA WAS NO LONGER WILLING TO TALK OF REVISION AND THE U.S. WAS WILLING TO NEGOTIATE AN ENTIRELY NEW TREATY RELATIONSHIP.)

2. WHAT DIPLOMATIC MOVES MIGHT WE EXPECT FROM TORRIJOS?

ON THE DIPLOMATIC FRONT WE WOULD EXPECT TORRIJOS TO TAKE THE

FOLLOWING ACTIONS:

--SEEK TO HAVE THE ISSUE DISCUSSED IN THE UNITED STATES SECURITY COUNCIL AND GENERAL ASSEMBLY.

--SUBMIT THE PANAMA CASE TO THE INTERNATIONAL COURT OF JUSTICE IN THE HAGUE.

--SEEK EXPRESSIONS OF SUPPORT AND SOLIDARITY FROM LATIN AMERICAN GOVERNMENTS AND MANY GOVERNMENTS ELSEWHERE.

--WORKING THROUGH STUDENT GROUPS, ENCOURAGE DEMONSTRATIONS AGAINST U.S. EMBASSIES.

--CONTINUE EFFORTS TO DO AWAY WITH THE CANAL ZONE'S SPECIAL STATUS IN SUCH ORGANIZATIONS AS THE UNIVERSAL POSTAL UNION AND THE INTERNATIONAL TELECOMMUNICATIONS UNION.

IT IS DOUBTFUL THAT U.S. INVESTMENTS IN OTHER LATIN COUNTRIES WOULD BE AFFECTED BY OUR PROBLEMS IN PANAMA. WE ALSO DOUBT THAT OTHER
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LATIN AMERICAN COUNTRIES WOULD APPLY PRESSURE ON TORRIJOS TO REFRAIN FROM SUCH ACTIONS AS HE MIGHT TAKE TO HARASS THE U.S. PRESENCE IN PANAMA. IF THEY DID RECOMMEND THAT HE NOT ENGAGE IN SUCH TACTICS, HE PROBABLY WOULD NOT HEED THEIR ADVICE.

C. THE SENATE FAILS TO ACT FOR AN EXTENDED PERIOD

THIS SCENARIO HAS CERTAIN ADVANTAGES FOR TORRIJOS AND FOR THE UNITED STATES WHICH WOULD AVOID SOME OF THE PROBLEMS ASSOCIATED WITH A BREAKDOWN IN NEGOTIATION OR THE TREATY'S REJECTION BY THE SENATE. FIRST, TORRIJOS WOULD HAVE ACCOMPLISHED AN IMMEDIATE OBJECTIVE- THAT OF HAVING PRODUCED AGREEMENT BY THE U.S. EXECUTIVE BRANCH AND PANAMA ON A NEW TREATY. U.S. OFFICIALS WOULD HAVE TO BE CANDID WITH TORRIJOS ONCE IT BECAME CLEAR THAT THE TREATY WOULD REMAIN BOTTLED UP INDEFINITELY IN COMMITTEE AND THAT THE CONSEQUENCES OF AN ATTEMPT BY THE U.S. PRESIDENT TO PUSH THE TREATY TO A VOTE WOULD BE ITS REJECTION. PANAMANIAN CLOSE TO THE NEGOTIATIONS HAVE TOLD EMBASSY OFFICERS THAT TORRIJOS COULD NOT UNDERSTAND AND ACCEPT A SITUATION IN WHICH HE WAS INFORMED BY SECRETARY KISSINGER THAT POLITICAL CONDITIONS PRIOR TO THE 1976 ELECTIONS IN THE UNITED STATES WOULD SURELY RESULT IN DEFEAT FOR THE TREATY AND THAT THE U.S. WAS PROPOSING, THEREFORE, THAT THE TREATY SHOULD LAY DORMANT UNTIL 1977. IN THE MEANTIME THE U.S. EXECUTIVE WOULD CONTINUE WITH INTERIM ACTIONS DEMONSTRATING ITS GOOD FAITH AND DETERMINATION TO CHANGE THE NATURE OF ITS PRESENCE IN THE CANAL ZONE. U.S. OFFICIALS WOULD SIMULTANEOUSLY CONTINUE THE PROCESS OF INFORMING THE U.S. PUBLIC AND CONGRESS OF THE NECESSITY FOR A NEW SATISFACTORY TREATY RELATIONSHIP WITH PANAMA.

WITH THE PROSPECT OF A TREATY WTILL IN THE OFFING, ANY PANAMANIAN REACTION TO THE DELAY WOULD BE FAR Milder THAN THE REACTION TO OUTRIGHT REJECTION. NOR COULD THE U.S. EXECUTIVE BE ACCUSED OF DEALING IN BAD FAITH.

TORRIJOS WOULD CONTINUE THE DIPLOMATIC CAMPAIGN TO GENERATE INTERNATIONAL SUPPORT FOR PANAM'S POSITION WHILE THE TREATY IS RESTING IN THE SENATE. THIS WOULD INCLUDE PUBLIC RELATIONS AND LOBBYING EFFORTS IN THE U.S. TO GENERATE UNDERSTANDING AND SYMPATHY FOR PANAMA'S ASPIRATIONS WHICH COULD BE TURNED INTO SUPPORT FOR THE TREATY. WE COULD EXPECT, AS TIME WORE ON, CRITICISM OF THE DELAY IN THE PANAMANIAN PRESS. STUDENTS AND ULTRA-NATIONALISTS
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WOULD GET INCREASINGLY RESTIVE, BUT TORRIJOS WOULD KEEP THEM UNDER CONTROL. DURING THE FIRST YEAR WE COULD EXPECT REASONABLY GOOD GOVERNMENT TO GOVERNMENT RELATIONS. BY MID-1976 PRESSURES ON TORRIJOS WOULD BEGIN TO MOUNT AND HE WOULD BEGIN TO ISSUE STATEMENTS FOR LOCAL CONSUMPTION CRITICAL OF THE U.S. THE GREAT DIFFERENCE BETWEEN THIS AND THE SCENARIO INVOLVING A BREAKDOWN

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S E C R E T SECTION 4 OF 4 PANAMA 1657

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IN NEGOTIATION OR A REJECTION OF THE TREATY IS THAT TORRIJOS IN

THIS CASE WOULD NOT BE BITTER OR FEEL BETRAYED BY U.S. OFFICIALS. MOREOVER, THE DOOR STILL WOULD REMAIN OPEN FOR APPROVAL OF THE TREATY IN 1977 AND HE WOULD NOT WANT TO ENDANGER THAT.

WE CONCLUDE THAT OF ALL THE ALTERNATIVES DESCRIBED IN THIS PAPER, OTHER THAN RATIFICATION OF A TREATY BY BOTH SIDES, THIS ALTERNATIVE ENTAILS FEWER RISKS FOR THE U.S. WE WOULD AVOID THE SUDDEN SHOCK OF A REJECTION AND THE OUTBURST OF EMOTION-AMONG GOP OFFICIALS AS WELL AS IN THE POPULACE-WHICH WOULD BE TRIGGERED BY AN OUTRIGHT REJECTION OF THE TREATY. PANAMANIAN SOCIETY WOULD BECOME AWARE ONLY GRADUALLY THAT THE TREATY WAS BEING STALLED AND THEREFORE TORRIJOS COULD BETTER MANAGE THE REACTION.

D. AN ACCEPTABLE TREATY CANNOT BE AGREED UPON BY THE NEGOTIATORS AND THE TREATY HQHKS BREAK DOWN.

IN THIS CONTINGENCY, FAR MORE THAN THE OTHERS, TORRIJOS WOULD FEEL HE HAD BEEN BETRAYED BY OFFIKILS OF THE U.S. EXECUTIVE BRANCH. THIS WOULD STEM PARTLY FROM THE BELIEF, FIRMLY HELD BY TORRIJOS AND OTHFU PANAMANIAN OFFICIALS, THAT THE U.S. NEGOTIATING POSITION ON SUCH ISDES AS CANAL DEFOSE,HAANDS AND DURATION HAVE LITTLE TBODO WITH REAL U.S. NATIONAL INTZAESTS BUT REFLECT TRADITIONAL U.S. PREJUDICES AND POLITICAL POSITIONS. PANAMANIAN DISCOUNT, THEREFORE, OUR STATEMENTS CONCERNING THE IMPORTANCE OF THESE INTERESTS, BUT HAVE ACCEPTED OUR NEGOTIATING POSITION AS A POLITICAL REALITY-

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FICTIONAL, BUT POWERFUL. MOREOVER, THEY BELIEVE THAT IN THE PRESENT NEGOTIATION THEY HAVE MADE MAJOR CONCESSIONS CONCERNING THE U.S. MILI TARY

PRESENCE. BECUASE OF THESE FACTORS, THEY WOUTF FIND IT DIFFICULT TO BELIEVE THAT U.S. OFFICIALS, IF THEY ARE REALLY SERIOUS ABOUT SOLVING THE CANAL PROBLEM, WOULD ALLOW THE NEGOTIATION TO BREAK DOWN OVER THE REMAINING ISSUES-LAND USE, DURATION, COMPENSATION, CANAL EXPANSION, AND TREATMENT OF CIVILIAN EMPLOYEES OF THE CANAL COMPANY-SOME OF WHICH ARE SENSITIVE ISSUES IN PANAMA.

BREAKDOWN OF TREATY NEGOTIATION WOULD PRODUCE A GREAT EMOTIONAL OUTBURST IN PANAMA. THIS REACTION WOULD BE ESPECIALLY ACUTE AMONG TORRIJOS AND HIS MODERATE SUPPORTERS, WHO HAVE PLACED GREAT IMPORTANCE UPON GETTING A TREATY AND TRUST IN THE U.S. PRINCIPALS. MOREOVER, THE MODERATES WOULD BE DISCREDITED AND, EVEN IF INCLINED TO SERVE AS A BRAKE ON THE ULTRA-NATIONALISTS AND LEFTISTS AND ON TORRIJOS, THEY WOULD NO LONGER BE IN A POSITION TO DO SO.

TORRIJOS WOULD MOVE QUICKLY INTO CONFRONTATION WITH THE U.S. HE WOULD CHARGE THAT THE U.S. NEGOTIATORS AND THE SECRETARY OF STATE HAD DECEIVED HIM. HE WOULD SEEK TO CREATE INCIDENTS THAT WOULD DRAW INCREASED INTERNATIONAL ATTENTION TO THE CANAL ISSUE. WE COULD

EXPECT HIM TO ACT MUCH MORE AGGRESSIVELY THAN HE WOULD IN THE EVENT OF A SENATE REJECTION OF THE TREATY. WE COULD EXPECT ALL OF THE ACTIONS DESCRIBED IN SECTION B ABOVE EXCEPT THAT THEY WOULD, IN THIS CONTINGENCY, BE CARRIED OUT WITH GREATER VEHEMENCE.

THE POLITICAL DYNAMICS OF PANAMA WOULD FORCE TORRIJOS-IF AT THAT POINT HE NEEDED FORCING-TO MOVE SHARPLY LEFTWARD DOMESTICALLY AND INTERNATIONALLY. TORRIJOS' CONSERVATIVE ENEMIES WOULD TRY TO EXPLOIT ANY WEAKNESS IN THE WAKE OF THE FAILURE OF HIS MAJOR FOREIGN POLICY ENDEAVOR. THE DISCREDITED MODERATES COULD OFFER HIM LITTLE HELP, CERTAINLY NOT ORGANIZED POPULAR SUPPORT. THEREFORE, TORRIJOS WOULD HAVE TO EMBRACE THE NATIONALISTS AND LEFTISTS. BY TURNING SHARPLY TO THE LEFT, HE WOULD GAIN THEIR SUPPORT WHICH MIGHT BE REFLECTED IN PUBLIC DEMONSTRATIONS. WE COULD THEN EXPECT, ESPECIALLY IF THE ECONOMY WERE PLUNGING DOWNWARD, THAT TORRIJOS WOULD BEGIN NATIONALIZING FOREIGN FIRMS AND DOMESTIC ENTERPRISES BELONGING TO HIS OPPONENTS. THIS COURSE, ONCE STARTED, WOULD GAIN DYNAMISM AND MOMENTUM OF ITS OWN WHICH WOULD BE FURTHER STIMULATED

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BY HOSTILE REACTIONS FROM ABROAD.

IF A VIOLENT INCIDENT DID NOT SPONTANEOUSLY OCCUR, AND WE BELIEVE IT WOULD, TORRIJOS WOULD PROVOKE ONE. IN THIS KIND OF ENVIRONMENT, INDIVIDUALS WHO HAVE "HERO" COMPLEXES WOULD BE TEMPTED TO ATTACK U.S. PERSONNEL AND INSTALLATION. WITH POPULAR FEELING AGAINST THE U.S. RUNNING HIGH, WE COULD EXPECT GUERRILLA AND URBAN TERRORIST GROUPS TO BE FORMED. KIDNAPPING OF U.S. OFFICIALS, FIREBOMBING OF U.S. VEHICLES ON THE STREETS AND OTHER VIOLENT ACTS COULD OCCUR. IN SHORT, PANAMA WOULD MOVE AS FAR TOWARD CONDUCTING A "LIBERATION WAR" AS THE EXISTING POWER REALITIES AND SIZE DISPARITY BETWEEN IT AND THE U.S. WOULD PERMIT. OPERATING AND PROTECTING THE CANAL WOULD BE INCREASINGLY DIFFICULT. THE RESUMPTION OF NEGOTIATION WOULD REQUIRE THAT THE U.S. FIRST ANNOUNCE KEY CONCESSIONS BEYOND THOSE IT HAD BEEN WILLING TO MAKE IN THE PRESENT NEGOTIATION.

IN THIS SCENARIO, TORRIJOS WOULD, IN HIS INTERNATIONAL RELATIONS, TURN TO THE SOCIALIST WORLD POWERS FOR ECONOMIC AND TECHNICAL ASSISTANCE. THE SITUATION, UNLESS REVERSED BY U.S. CONCESSIONS, WOULD DETERIORATE TO THE POINT THAT THE U.S. WOULD HAVE TO CONSIDER INTERVENING MILITARILY IN PANAMA.

THE ABOVE ESTIMATE HAS BEEN APPROVED UNANIMOUSLY BY THE COUNTRY TEAM.

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